

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
GREENVILLE DIVISION

IN RE:

CAH ACQUISITION COMPANY #1,
LLC, d/b/a WASHINGTON COUNTY
HOSPITAL,

Debtor.

Case No. 19-00730

Chapter 11

IN RE:

CAH ACQUISITION COMPANY #2,
LLC, d/b/a OSWEGO COMMUNITY
HOSPITAL,

Debtor.

Case No. 19-01230

Chapter 11

IN RE:

CAH ACQUISITION COMPANY #3,
LLC, d/b/a HORTON COMMUNITY
HOSPITAL,

Debtor.

Case No. 19-01180

Chapter 11

IN RE:

CAH ACQUISITION COMPANY 6, LLC,
d/b/a I-70 COMMUNITY HOSPITAL,

Debtor.

Case No. 19-01300

Chapter 11

IN RE:

CAH ACQUISITION COMPANY 7, LLC,
d/b/a PRAGUE COMMUNITY
HOSPITAL,

Debtor.

Case No. 19-01298

Chapter 11

IN RE:

CAH ACQUISITION COMPANY 12,
LLC, d/b/a FAIRFAX COMMUNITY
HOSPITAL,

Debtor.

Case No. 19-01697

Chapter 11

IN RE:

CAH ACQUISITION COMPANY 16,
LLC, d/b/a HASKELL COUNTY
COMMUNITY HOSPITAL,

Debtor.

Case No. 19-01227

Chapter 11

THIRD MOTION TO CONTINUE CONFIRMATION HEARINGS

NOW COMES Thomas W. Waldrep, Jr., the duly appointed Chapter 11 Trustee (the “Trustee”) for the jointly-administered debtors in the above-captioned cases (collectively, the “Debtors” and individually: “Washington County Hospital,” “Oswego Community Hospital,” “Horton Community Hospital,” “I-70 Community Hospital,” “Prague Community Hospital,” “Fairfax Community Hospital,” and “Haskell County Community Hospital”), and

hereby moves the Court, pursuant to Section 1128 of the Bankruptcy Code¹ and Rule 9006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for entry of an Order continuing the hearings to consider confirmation of the Plans (as defined below) from the current date and time of March 11, 2020 at 1:00 p.m. Eastern Time (the “Current Hearing Date”) to a hearing date approximately sixty (60) days after the Current Hearing Date. In support of this Motion, the Trustee respectfully states as follows:

1. This United States Bankruptcy Court for the Eastern District of North Carolina (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(L).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicate for the relief requested herein is Section 1128 of the Bankruptcy Code and Rule 9006.

4. Prior to their respective petition dates, the Debtors operated rural Critical Access Hospitals in North Carolina, Kansas, Missouri, and Oklahoma.

5. These seven cases are jointly administered under the case of Washington County Hospital. No official committee of unsecured creditors was appointed in any of the Debtors’ cases.

6. The Trustee is the duly appointed Chapter 11 Trustee for each of the Debtors.

7. On September 30, 2019, the Trustee filed a *Chapter 11 Plan of Orderly Liquidation* in each of the Debtors’ cases. On October 17, 2019, the Trustee filed an *Amended Chapter 11 Plan of Orderly Liquidation* (each a “Plan,” and collectively, the “Plans”) in each of the Debtors’ cases.

¹ Title 11 of the United States Code, §§ 101 *et seq.* (the “Bankruptcy Code”).

8. The hearings to consider confirmation of each of the Plans (the “Confirmation Hearings”) were originally scheduled for December 10, 2019 at 11:00 a.m. (the “Original Hearing Date”) in the United States Bankruptcy Court for the Eastern District of North Carolina located in Greenville, North Carolina.

9. The deadline to object to confirmation of the Plans was Monday, December 2, 2019.

10. On December 2, 2019, First Capital Corporation (“First Capital”) objected to confirmation of the Plan of Washington County Hospital.

11. On December 2, 2019, the municipality of Washington County, North Carolina (“Washington County”) objected to confirmation of the Plan of Washington County Hospital.

12. On December 2, 2019, Complete Business Solutions Group, Inc. (“CBSG”) objected to confirmation of the Plans of Washington County Hospital, Horton Community Hospital, I-70 Community Hospital, Prague Community Hospital, Fairfax Community Hospital, and Haskell County Community Hospital.

13. On December 2, 2019, the Bankruptcy Administrator for the Eastern District of North Carolina (the “BA,” and together with First Capital, Washington County, and CBSG, the “Objecting Parties”) filed the *Bankruptcy Administrator’s Consolidated Response to Disclosure Statement and Amended Plans of Liquidation*, objecting to confirmation of the Plans of Oswego Community Hospital, Horton Community Hospital, Prague Community Hospital, Fairfax Community Hospital, and Haskell County Community Hospital.

14. On November 27, 2019, the Court entered an order in each of the Debtors’ cases that, among other things, established bidding procedures and scheduled a hearing to consider final

approval of the sales (the “Bidding Procedures Order”). In the Bidding Procedures Order, the Court set the following relevant dates as it relates to the sale of the Debtors’ hospitals:

- a. December 19, 2019: Auction of the Debtors’ hospitals; and
- b. January 2, 2020: Sale Hearing for each of the Debtors.

15. The Trustee, in consideration of the various objections to the Plans, as well as the then-ongoing auction and sale proceedings, filed a motion in each Debtor’s case on December 4, 2019 seeking to continue the Confirmation Hearings to February 10, 2020 (the “First Motion to Continue”). The Court entered its Order granting the First Motion to Continue on December 6, 2020.

16. When the First Motion to Continue was filed, the Trustee expected that all the sales would be closed by the first week in February. The sale closing processes have taken longer than expected in these cases, and the Trustee filed a motion in each Debtor’s case on February 7, 2020 seeking to continue the Confirmation Hearings to the Current Hearing Date (the “Second Motion to Continue”). The Court entered its Order granting the Second Motion to Continue on February 12, 2020.

17. Since the entry of the Order granting the Second Motion to Continue, the Trustee has uploaded—and the Court has entered—orders approving the sales of the Debtors’ assets to each estate’s respective high bidder (the “Sale Orders”). The Sale Orders for five of the Debtors—Oswego Community Hospital, Horton Community Hospital, Prague Community Hospital, Fairfax Community Hospital, and Haskell County Community Hospital—provide for mediated settlement conferences by an between the Trustee, CBSG, creditors Paul Nusbaum and Steve White (“Nusbaum/White”), and, in the cases of the latter three Debtors, creditor and management

company Cohesive Healthcare Management & Consulting LLC (“Cohesive,” and together with the Trustee, CBSG, and Nusbaum/White, the “Mediation Parties”).

18. The Mediation Parties have selected a mediator and scheduled April 1 and 2, 2020 as the dates for the mediated settlement conference, the outcome of which will almost certainly result in necessary amendments to the Plans of the five affected Debtors. Further, one of the Mediation Parties, CBSG, is also one of the Objecting Parties with respect to the two Debtors not involved in mediation, Washington County Hospital and I-70 Community Hospital. Therefore, it is also possible that the outcome of mediation may implicate CBSG’s objection to, and treatment under, the Plans of those Debtors.

19. Accordingly, the Trustee seeks to continue the Confirmation Hearings from the Current Hearing Date to a hearing date approximately sixty (60) days from the Current Hearing Date in order to afford ample time to resolve all issues between the Mediation Parties and, if needed, file and serve amended Plans.

20. Counsel for the Trustee contacted counsel for each of the Objecting Parties and did not receive any objections to the relief requested.

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WHEREFORE, the Trustee respectfully requests that the Court enter an Order:

A. Continuing the Confirmation Hearings pursuant to Section 1128 of the Bankruptcy Code and Rule 9006 of the Bankruptcy Rules to a hearing date approximately sixty (60) days from the Current Hearing Date; and

B. Providing such other and further relief as the Court may deem necessary and proper.

This the 5th day of March, 2020.

WALDREP LLP

/s/ Jennifer B. Lyday

Thomas W. Waldrep, Jr. (NC State Bar No. 11135)

James C. Lanik (NC State Bar No. 30454)

Jennifer B. Lyday (NC Bar No. 39871)

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- and -

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Co-Counsel for the Trustee

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
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IN RE:

CAH ACQUISITION COMPANY #1,
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Case No. 19-00730-5-JNC

Chapter 11

CERTIFICATE OF SERVICE

The undersigned does hereby certify that a copy of **THIRD MOTION TO CONTINUE PLAN CONFIRMATION HEARINGS** was served via electronic service through CM/ECF upon those who have registered for such service listed in **Exhibit A** on March 5, 2020.

This the 5th day of March, 2020.

WALDREP LLP

/s/ Jennifer B. Lyday

Thomas W. Waldrep, Jr. (NC State Bar No. 11135)

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Co-Counsel for the Trustee

EXHIBIT A

VIA CM/ECF

Rayford K. Adams, III on behalf of Debtors

Jason L. Hendren on behalf of Trustee Thomas W. Waldrep, Jr.

Rebecca F. Redwine on behalf of Trustee Thomas W. Waldrep, Jr.

Benjamin E.F.B. Waller on behalf of Trustee Thomas W. Waldrep, Jr.

James C. Lanik on behalf of Trustee Thomas W. Waldrep, Jr.

Jennifer B. Lyday on behalf of Trustee Thomas W. Waldrep, Jr.

Francisco T. Morales on behalf of Trustee Thomas W. Waldrep, Jr.

Thomas W. Waldrep, Jr. on behalf of Trustee Thomas W. Waldrep, Jr.

Marjorie K. Lynch on behalf of Bankruptcy Administrator Marjorie K. Lynch

Brian Behr on behalf of Bankruptcy Administrator Marjorie K. Lynch

Kirstin E. Gardner on behalf of Bankruptcy Administrator Marjorie K. Lynch

Ryan J. Adams on behalf of Creditor Aspirar Medical Lab, LLC

Brian R. Anderson on behalf of Health Care Ombudsman Suzanne Koenig

Sam G. Bratton, II on behalf of Debtor CAH Acquisition Company 12, LLC and Interested Party Doerner, Saunders, Daniel & Anderson, LLP

E. Franklin Childress on behalf of Creditor CAH Acquisition Company 11, LLC

John Paul H. Cournoyer on behalf of Creditor Sun Finance, Inc., Creditor Paul L. Nusbaum, Creditor Steven F. White, and Interested Party Rural Community Hospitals of America, LLC

Jonathan E. Friesen on behalf of Creditor Wendy C. Phillips

Terri L. Gardner on behalf of Petitioning Creditor Medline Industries, Inc., Petitioning Creditor Washington County, NC, and Petitioning Creditor Robert Venable, M.D.

Steven A. Ginther on behalf of Creditor Missouri Department of Revenue

David J Haidt on behalf of Creditor Fairfax Healthcare Authority, Creditor First Liberty Bank, Interested Party City of Drumright, Oklahoma, Interested Party Cohesive Healthcare Management and Consulting, Interested Party Fairfax Healthcare Authority, Interested Party

Brent King, and Other Professional C. David Rhoades

Patricia E. Hamilton on behalf of Interested Party Brent King

Tyler E. Heffron on behalf of Interested Party City of Hillsboro, Kansas and the Public Building Commission of Hillsboro, Kansas

Eric L. Johnson on behalf of Creditor First Capital Corporation

Katherine Montgomery McCraw on behalf of Creditor NC Dept of Health and Human Services, DHB

Felton E. Parrish on behalf of Interested Party Bank of Hays, Interested Party City of Hillsboro, Kansas, and the Public Building Commission of Hillsboro, Kansas, Interested Party Security Bank of Kansas City, Interested Party Brent King

Nancy A. Peterman on behalf of Health Care Ombudsman Suzanne Koenig

Mathew A. Petersen on behalf of Creditor First Capital Corporation

Stephen W. Petersen on behalf of Creditor First Capital Corporation

Brian H. Smith on behalf of Creditor Complete Business Solutions Group, Inc.

Wesley F. Smith on behalf of Interested Party Brent King

John M. Sperati on behalf of Creditor Somerset Capital Group, Ltd.

Sharon L. Stolte on behalf of Interested Party Brent King

Jeffrey R. Whitley on behalf of Creditor First Capital Corporation

Nicholas Zluticky on behalf of Creditor First Liberty Bank and Interested Party Bank of Hays

William Walt Petitt on behalf of Creditor Complete Business Solutions Group, Inc.

Paul A. Fanning on behalf of Interested Party Cohesive Healthcare Management and Consulting, LLC

Byron L. Saintsing on behalf of Siemens Financial Services, Inc.

Ross A. Plourde on behalf of Cohesive Healthcare Management and Consulting LLC

Marc S. Sacks on behalf of U.S, Department of Justice

Dennis M. Duffy on behalf of U.S. Department of Health and Human Services, U.S. Internal Revenue Service

Ciara L. Rogers on behalf of Sherwood Partners, Inc.